

The Deposition of  
**ANDREW VANCHIERE - VOLUME 1**

In the Matter of  
**EAUX HOLDINGS, LLC**  
VS  
**SCOTTSDALE INS. CO.**

Taken On  
**AUGUST 06, 2021**



UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF LOUISIANA  
LAKE CHARLES DIVISION

EAUX HOLDINGS, LLC

VS.

CIVIL CASE NO.  
2:20-CV-01582

SCOTTSDALE INSURANCE CO.

\* \* \* \* \*

The videotaped deposition of ANDREW  
VANCHIERE, VOLUME I, appearing remotely via  
videoconference from Washington, D.C., taken in  
connection with the captioned cause pursuant to the  
following stipulations before RITA A. DEROUEN, Certified  
Court Reporter, appearing remotely from Baton Rouge,  
Louisiana, on August 6, 2021, beginning at 9:59 a.m.  
Eastern Time.

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18 Also Present:

19 Will Rain, Videographer  
20 Steve Duplantis

21 Reported by:

22 Rita A. DeRouen, Certified  
23 Court Reporter No. 2014018  
24 in and for the State of  
25 Louisiana

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## S T I P U L A T I O N

It is hereby stipulated by and among counsel for plaintiff and counsel for defense that the deposition of ANDREW VANCHIERE

be taken before RITA A. DEROUEN, Certified Court Reporter, for all purposes, pursuant to notice and to the provisions of the appropriate statutes of the Federal Rules of Civil Procedure, Rules 26, 34, 45.

The parties hereto reserve all formalities in connection with the taking of said deposition and the reading and signing thereof, except the swearing of the witness, and the reduction of the questions and answers to typewriting.

\* \* \*

1 REPORTED REMOTELY FROM BATON ROUGE, LOUISIANA

2 THE VIDEOGRAPHER: We are now on the  
3 record for the video deposition of Andrew Vanchiere.  
4 The date is August 6, 2021. The time is 9:59 a.m.  
5 Eastern Time. The witness is appearing remotely from  
6 Washington, D.C.

7 This is the matter of Eaux Holdings, LLC,  
8 versus Scottsdale Insurance Company. This is filed in  
9 the United States District Court for the Western  
10 District of Louisiana, Lake Charles Division.

11 The court reporter is Rita DeRouen. The  
12 videographer is Will Rain. Both are representing goDEPO  
13 court reporting.

14 And now will counsel please state your  
15 appearances for the record.

16 MS. BROWN: Somer Brown is here virtually  
17 from Lake Charles, Louisiana, on behalf of the  
18 plaintiff, Eaux Holdings.

19 MS. PAYNE: Chelsea Payne is here in  
20 Baton Rouge, Louisiana, on behalf of Scottsdale  
21 Insurance Company.

22 MR. WOLFF: John Wolff. I'll be  
23 observing, not participating, on behalf of Scottsdale  
24 Insurance Company.

25 THE COURT REPORTER: Okay. And I will go

1 ahead and swear you in now, if you could raise your  
2 right hand.

3 ANDREW VANCHIERE,  
4 having been first duly sworn, was examined and testified  
5 as follows:

6 EXAMINATION

7 BY MS. PAYNE:

8 Q. Good morning. Before we get started, how do  
9 you pronounce your last name?

10 A. Yes. Last name is pronounced Vanchiere.

11 Q. Vanchiere.

12 Good morning. My name is Chelsea Payne, and I  
13 represent Scottsdale Insurance Company in this matter.  
14 We will be taking your deposition today.

15 Have you ever given a deposition before?

16 A. Yes, ma'am, I have.

17 Q. So I'll just lay out some ground rules. If you  
18 don't understand my question, just ask me to repeat it  
19 or clarify. I'll try to rephrase it. If you do answer  
20 my question, I'll assume that you understood it. Is  
21 that fair?

22 A. Fair enough.

23 Q. And make sure you give all your answers  
24 verbally instead of just nodding your head so we can  
25 make sure we get a good record. And if you need a break

1 at any time, just let me know.

2 A. That sounds great, Chelsea. Thank you.

3 Q. Thank you.

4 MS. PAYNE: I want to start off -- Rita, I  
5 wanted to attach -- when I attach exhibits, do you want  
6 me to just send them to you later and identify them when  
7 I --

8 THE COURT REPORTER: That's fine, whatever  
9 works best for you is fine with me.

10 BY MS. PAYNE:

11 Q. So I wanted to start off by attaching the  
12 notice of deposition. I will share my screen.

13 (Exhibit 1, remotely introduced and  
14 provided electronically to the reporter.)

15 BY MS. PAYNE:

16 Q. This is the notice of deposition for this  
17 matter. Have you seen this, Andrew?

18 A. I have. And I've read it.

19 Q. Okay.

20 MS. PAYNE: So we will attach this as  
21 Exhibit 1.

22 MS. BROWN: And, Chelsea, just to the  
23 extent it may save you some time, Andrew has the  
24 documents.

25 MS. PAYNE: Okay.



1 MS. BROWN: So you don't necessarily have  
2 to share the screen unless you need to for some reason.

3 MS. PAYNE: Okay.

4 A. And, yes, I received your FileShare link with  
5 28 folders, I guess --

6 BY MS. PAYNE:

7 Q. Okay.

8 A. -- with the documents previously sent as part  
9 of the subpoena from June or early July.

10 Q. Okay. Good. That should save us some time,  
11 then, good.

12 A. I looked at a few of the samples. Realized  
13 that they were all Bates stamped. And so I've got them  
14 at my fingertips, to look at them as you call them.

15 Q. Okay. And for the record, you mentioned we  
16 issued a subpoena to Latter & Blum, and we received  
17 responses. And as you noted, we Bates-labeled those  
18 documents. So when I refer to a document number, that's  
19 a Bates label that we put on there. But they were  
20 produced by Latter & Blum.

21 A. Understood.

22 Q. Okay. And while we're talking about the  
23 subpoena, I'm going to go ahead and attach as Exhibit 2  
24 the subpoena -- which, Andrew, I believe that's Tab B.

25 (Exhibit 2, remotely introduced and

1 provided electronically to the reporter.)

2 A. Okay.

3 BY MS. PAYNE:

4 Q. Okay. So could you state your full legal name  
5 for the record, please?

6 A. Andrew Warren Vanchiere.

7 Q. And your date of birth?

8 A. July 25, 1970.

9 Q. And where do you live?

10 A. I live in Lake Charles, Louisiana.

11 Q. Okay. And the court reporter mentioned that  
12 you were remotely in Washington, D.C.?

13 A. I am.

14 Q. Is anybody else in the room with you during  
15 this deposition?

16 A. Not at this -- not at this time. There may be  
17 one person that passes behind me to go upstairs. So  
18 this is the quietest place in the house.

19 Q. Okay. And were you born and raised in  
20 Lake Charles?

21 A. I was actually born up at Fort Polk in -- we  
22 were living in Beauregard Parish, outside of DeRidder,  
23 and then we moved to Lake Charles. So place of birth is  
24 Fort Polk, Louisiana.

25 Q. Okay. And as far as your education, where did

1 you go to high school?

2 A. I attended St. Louis High School in  
3 Lake Charles, graduated there in 1988, and then attended  
4 LSU for about 18 months, and then cooking school. I had  
5 a career as a chef and restaurant operator, catering  
6 operator for many years, before starting a career in  
7 commercial real estate 20 years ago.

8 Q. So did you obtain a degree from LSU or any  
9 other college?

10 A. I did not. I completed basic and intermediate  
11 cuisine at the Cordon Bleu in Ottawa, Canada. It's not  
12 a degree but a certificate.

13 Q. Okay. And we'll go into your employment  
14 history, but you mentioned you were at LSU and then you  
15 went to Cordon Bleu cooking school.

16 Where was your first job after school?

17 A. Cafe Margot in Lake Charles. I cooked there  
18 for two and a half years. As well as in the same time  
19 frame, I did some work at Memorial Hospital in the  
20 emergency room, in ICU, as a -- basically, for lack of a  
21 better term, an orderly.

22 Q. Okay. And so about what year are we at right  
23 now? You said you graduated high school in '88,  
24 attended LSU for about two years. How long was cooking  
25 school?

1           A.     Cooking school was a year. And I had cooked  
2     for about five years before going to cooking school, so  
3     this is -- say August of '94 -- 1994, I attended Cordon  
4     Bleu in Ottawa, Canada. About a year later, I was back  
5     home. Worked for two and a half years for a catering  
6     company. And then in early 1998, I started my own  
7     catering -- 1997, I started my own catering business,  
8     which I ran for about eight year before selling it.

9           Q.     Okay. So we're in the mid-2000s. You sell  
10    your catering business and then what?

11          A.     Prior to that, in about 2001, I started buying  
12    commercial real estate. And my primary purpose at the  
13    time was to find a home for my catering business.

14                We bought -- I bought a large former church  
15    complex, which could more than -- had more than enough  
16    room to hold the catering business. And then I began to  
17    start leasing out the secondary space, office space.

18                And in that time frame, 2001 to 2004, I did  
19    about four state leases -- state government office  
20    leases at multiple properties.

21          Q.     What do you mean, you did four state government  
22    leases?

23          A.     I bought properties, bid state government  
24    office lease projects, renovated to suit their needs,  
25    and then ended up, you know, leasing office space to the

1 State of Louisiana, primarily, early on.

2 Q. And about how many properties did you purchase  
3 between 2001 and 2004?

4 A. Four.

5 Q. Four total properties -- is that in addition to  
6 the church?

7 A. No. It includes the church.

8 Q. Includes the church. Okay.

9 So four properties between 2001 and 2004.

10 A. Yes, ma'am.

11 Q. You said you had bid leases out to the State of  
12 Louisiana --

13 A. That's correct.

14 Q. -- and renovated like spec outs or whatever  
15 they needed.

16 A. That's correct.

17 Q. And so that brings us to 2004.

18 A. Okay. And then in 2004 or '5, I got my -- my  
19 real estate sales license as an agent. And somewhere in  
20 that frame -- I don't remember exactly when; it was  
21 '04 -- I sold my catering business and then moved into  
22 commercial real estate development as well as sales and  
23 leasing full-time.

24 Q. And when you moved into commercial real estate,  
25 did you have -- like work for a company, or were you

1 doing this on your own?

2 A. Some of the development was on my own. But my  
3 sales license, as an agent, I had to place my license  
4 with a broker, and my broker was Matt Redd with Redd  
5 Properties. Matt Redd ended up selling his brokerage  
6 firm to Latter & Blum, I want to say, in 2014.

7 So I worked for Redd Properties, and then  
8 Latter & Blum as the successor to Redd Properties, for  
9 the last 16, 17 years.

10 Q. So from 2000- -- around 2005 to 2014, it was  
11 for Matt Redd. And then once they sold it to  
12 Latter & Blum, you've been at Latter & Blum since 2014?

13 A. Yes.

14 Q. Okay. So you hold -- you currently hold a real  
15 estate sales license?

16 A. That is correct.

17 Q. Okay. And what did you have to do to obtain a  
18 real estate sales license?

19 A. I have -- there's an educational requirement to  
20 get the sales license. At the time, it was an 80-hour  
21 requirement of education, with a subsequent 12 hours of  
22 continuing education credit on an annual basis.

23 In addition to my license, I hold two  
24 commercial real estate designations. They're not  
25 required; these are elective, if you would call it

1 that -- "selective," actually, is the better term --  
2 based upon certain production requirements and  
3 educational courses. I was designated as a CCIM, which  
4 stands for certified commercial investment member.

5 Q. And so what kind of courses did you have to  
6 take to become a certified commercial investment member?

7 A. I took four courses, each about 40 hours long,  
8 that are focused on investment real estate analysis,  
9 looking at it from an owner perspective or a user  
10 perspective, an investor perspective.

11 Q. And what year did you obtain that  
12 certification?

13 A. I received my CCIM designation in 2005.

14 Q. 2005?

15 A. April of 2005, yes, ma'am.

16 Q. And do you have continuing education for this  
17 certification as well as your real estate license?

18 A. It's not required -- there's not a requirement  
19 to maintain the designation, not yet. I think it's  
20 coming.

21 Q. Okay. So is that the only certification you  
22 have, certified commercial investment member?

23 A. The second designation is through the Society  
24 of Industrial and Office Realtors. SIOR is the  
25 designation. And that is a minimum education

1 requirement plus certain production levels either in the  
2 industrial market sector or in the office market sector.  
3 My focus and my designation came by my production in the  
4 office market.

5 Q. And what -- can you explain what you mean by  
6 production?

7 A. A certain -- a minimum threshold of  
8 commission -- commissions earned, allocated -- you know,  
9 70 percent of some threshold allocated to the office  
10 market-generated commission, so from sales and leasing  
11 of office properties.

12 Q. Do you recall what that minimum threshold is  
13 for you to obtain that?

14 A. I want to say it was about \$250,000 a year for  
15 three of a -- three years of a five-year period. And of  
16 that, 70 percent of that gross commission had to be  
17 derived from either office or industrial activity. And  
18 so my -- my ability to earn that designation was based  
19 upon my office productivity.

20 Q. Okay. And when did you obtain that  
21 certification?

22 A. I believe in 2010, somewhere in there.

23 Q. Okay. And so there's no -- there was no  
24 educational requirements. That's solely based on your  
25 production?



1           A.     Primarily. There was a couple of half-day  
2     courses, maybe some ethics training, as well as maybe  
3     one other minimal course. Not like the CCIM  
4     designation. That was five days per class for a total  
5     of four classes.

6           Q.     Okay.

7           A.     Much more production driven.

8           Q.     Okay. All right. So we've covered all of your  
9     professional and work history up to this point?

10          A.     Yes, ma'am.

11          Q.     Okay. And so you're -- now you're solely a  
12     real estate agent. Do you still have your catering  
13     company or do anything else on the side?

14          A.     Occasionally, I cook a -- do a cooking class or  
15     a dinner here and there, but it's more fun and family  
16     than anything else. So my professional efforts are  
17     directed exclusively to commercial real estate, on  
18     clients' behalf exclusively.

19          Q.     Okay. What did you do today to prepare for  
20     this deposition?

21          A.     I reviewed -- I reviewed primarily the report I  
22     had been engaged to prepare a couple of months ago on  
23     behalf of Eaux Holdings, which was my -- I think it was  
24     a 14-page summary report.

25                 I am -- just to give you a little bit of

1 background on that, I am extremely involved in the  
2 office market in Southwest Louisiana. I know it  
3 extremely well. I have been engaged by no less than  
4 three, maybe even four, real estate firms to help them  
5 with their office requirements for their own needs.

6 Q. And what do you mean by that, you were engaged  
7 by three or four real estate firms?

8 A. Yes, ma'am. So I was hired by Bricks & Mortar  
9 Real Estate, for example, which is a local brokerage  
10 firm, primarily residential, but they do some commercial  
11 work.

12 They were looking for a new location, as their  
13 property -- the property where they operated out of was  
14 destroyed in Hurricane Laura. So I helped them find  
15 their replacement property where they're going to build.

16 Q. The real estate company itself, or you're  
17 engaged by another Realtor -- okay. So a real estate  
18 company and the property that they need to run their  
19 business?

20 A. That's right.

21 Q. Okay.

22 A. And then I've done lease analysis for a  
23 brokerage company who was trying to -- or, no, for a  
24 property owner that was -- that was renegotiating a  
25 lease with a brokerage company. And then most recently,

1 trying to help the local Keller Williams firm find new  
2 office space. I have been working with them for about  
3 six months.

4 Q. Okay. And when you said you did a lease  
5 analysis for a property owner, can you give me a little  
6 bit more detail on that?

7 A. Sure. The owner of the property needed  
8 comparables -- market comparables for what similar  
9 office properties were leasing for. I looked at a  
10 number of different factors, of type of office space,  
11 single tenant versus multi-tenant, what geographic area  
12 in the market are they, is the property in a flood zone  
13 or not.

14 So helped delineate down to some very specific  
15 market data points to advise what an appropriate rental  
16 rate should be for the property that they had.

17 Q. Okay. And so you said you had three or four --  
18 you mean, like, right now at this time, people that  
19 you're assisting with relocation? Is this specific to  
20 Hurricane Laura or --

21 A. Those are just real estate companies. So I  
22 guess the reason I mentioned that is these are people  
23 that are in the same line of work that I am, but yet  
24 they're calling me to help them figure out their office  
25 needs for their locations.

1           Outside of those three or four agencies, I  
2           currently have 17 transactions, probably half of them  
3           sale and half of them lease, that are either under  
4           contract or lease pending. I've got a pipeline of, I  
5           think, another 15 transactions beyond that.

6           Q.    You said about 50 percent of your transactions  
7           are solely lease and about 50 are sales?

8           A.    Yes, ma'am.

9           Q.    And so back to what you reviewed to prepare for  
10          this deposition, you said you reviewed your report.

11          Did you review any of the documents?

12          A.    I primarily wanted to make sure that I had  
13          reviewed the basis of the report that I put together.  
14          I'm certainly familiar with the other documents. I did  
15          not look at every single e-mail, but I'm prepared.

16          Q.    That's fair enough.

17          Okay. So you have been identified as an expert  
18          for plaintiffs in this case and you prepared a report,  
19          and we'll get to that in a little bit.

20          I wanted to go over a little background of how  
21          you became involved with this property. And I'll go  
22          ahead and say when I say "property," do you understand  
23          that I'm talking about 620 Esplanade in Lake Charles?

24          A.    I do, 620 Esplanade Street, Lake Charles,  
25          Louisiana 70607, I believe.

1 Q. Okay. So how did you first become involved  
2 with this property?

3 A. So I was approached by Joey Odom, who is the  
4 managing member -- fills certain excess title of Eaux  
5 Holdings -- "Eaux" spelled E-A -- E-A-U-X, Eaux  
6 Holdings, LLC -- which owns the property at 620  
7 Esplanade Street, probably about two years ago. Joey  
8 had --

9 (Interruption in audio.)

10 MS. PAYNE: Hold on one second.

11 THE WITNESS: -- to help him lease up the  
12 second floor of his office building at 620 Esplanade  
13 Street --

14 (Interruption in audio.)

15 (Court reporter disconnected from Zoom.)

16 (A break was taken from 10:21 a.m. to  
17 10:25 a.m.)

18 THE VIDEOGRAPHER: We are back on the  
19 record at 10:25 a.m.

20 BY MS. PAYNE:

21 Q. Okay, Andrew. So before we went off the  
22 record, we were discussing your involvement with the  
23 subject property, and I believe you said you were  
24 approached by Joey Odom about two years ago to help him  
25 lease up the second floor.

1 A. That's correct.

2 Q. Okay. And did you know Joey Odom before this?

3 A. I had met him on maybe one or two occasions.

4 But not that well.

5 Q. You didn't have any other professional or other  
6 friendship with Joey Odom prior to your involvement with  
7 the subject property?

8 A. Acquaintance at best. But not for -- no,  
9 ma'am.

10 Q. Okay. So he approached you to help him lease  
11 up the second floor. There was already a tenant on the  
12 first floor of the building?

13 A. There was a tenant on the first floor, and that  
14 tenant is technically the General Services  
15 Administrative for the State of -- for United States of  
16 America government. They, GSA -- also known as GSA --  
17 will execute a lease on behalf of some government  
18 agency. This one in particular is the Immigration and  
19 Customs Enforcement agency, as a part of the Department  
20 of Homeland Security.

21 So they were -- they were a tenant in that  
22 building on the ground floor up until Hurricane Laura  
23 damaged the building. And I can keep going, but if you  
24 want me to stop -- I recognize that there's more to  
25 explain, so...

1 Q. We'll stick to right when you first became  
2 involved in the property.

3 A. Sure.

4 Q. The purpose was to lease just the second floor,  
5 correct?

6 A. That is correct.

7 Q. And I will go ahead -- I'll be  
8 referencing -- this is in Tab C, Latter & Blum 7. This  
9 is the listing contract.

10 (Exhibit 3, remotely introduced and  
11 provided electronically to the reporter.)

12 BY MS. PAYNE:

13 Q. And so it -- the listing contract states that  
14 Latter & Blum will be the owner's exclusive agent; is  
15 that correct?

16 A. That is correct.

17 Q. Okay. And the contract itself doesn't really  
18 distinguish between the first or the second floor, but  
19 was it understood that you would only be providing  
20 services to lease the second floor, or does this  
21 encompass the entire building?

22 A. At the time, the consideration was that it was  
23 just going to be the second floor.

24 Q. Okay. And Mr. Odom testified that there was  
25 potentially another real estate agent that was involved,

1 Jody Guidry.

2 Do you -- was he involved prior to your  
3 involvement?

4 A. I believe that Joey was working with Mr. Guidry  
5 prior to my involvement. Yes.

6 Q. Okay. So before your involvement, he was  
7 working with a different real estate agent. And then in  
8 2019 -- so this listing agreement was signed --

9 A. June 5th, I believe.

10 Q. June 5, 2019, correct?

11 A. Yes, ma'am.

12 Q. Okay. So at that point in time, you became his  
13 sole and exclusive agent and you were the one that had  
14 any dealings with any leases on the first or second  
15 floor?

16 A. Yes, ma'am, that is correct.

17 Q. Okay. And so as a part of this listing  
18 agreement, what -- what were your roles and  
19 responsibilities? What were you expected to do?

20 A. One, I was -- I was asked to review the  
21 operational expenses associated with the property at  
22 620 Esplanade Street to ensure that -- as we looked at  
23 other market data, to ensure that whatever rate we  
24 determined was reflective of all the operating expenses  
25 associated with the property.



1           At that point in time, and still -- and  
2 continued on, the federal government lease on the ground  
3 floor is a -- it's a hybrid of a fixed rate, but there  
4 is some annual adjustment for operating expenses, but  
5 not all operating expenses.

6           So what I tried to help Joey do is understand  
7 what are reasonable operating expense assumptions going  
8 forward based upon historical performance. And to  
9 ensure that as we developed a marketing strategy that we  
10 made allowance that from time to time, operating  
11 expenses are going to change.

12          Q.   And could you outline in detail what exactly  
13 operating expenses you're referring to?

14          A.   Yes, ma'am. Operating expenses associated with  
15 a commercial property include but are not limited to  
16 annual property taxes; annual insurance expense of  
17 property and casualty coverage, possibly flood coverage  
18 if you elect to have it, general liability coverage;  
19 grounds upkeep, cutting the grass, washing windows, snow  
20 removal, on the freak chance that we get a winter ice  
21 storm or something like that; janitorial services for  
22 the building, if it's a full service or modified gross  
23 lease. And I can further define those in -- subsequent  
24 to me finishing answering this question.

25               Striping the parking lot; vacuuming; emptying

1 the external trash; et cetera, et cetera. Those,  
2 generally speaking, are the operating expenses  
3 associated with a commercial property.

4 Q. Okay. So once you signed this agreement in  
5 June 2019, you listed the second floor of the property,  
6 it was ready to be leased?

7 A. At the time, it was ready to be leased, with  
8 minimal -- a little bit of cleanup. But  
9 fairly -- fairly ready to lease, yes.

10 Q. Okay. And so it was in good condition. A  
11 tenant could have come in and moved in right then and  
12 there in 2019?

13 A. Yes.

14 Q. Yes? Okay.

15 But it wasn't -- I'll use this term, "spec'ed  
16 out." It was just -- if a tenant wanted to add its own  
17 improvements or needed certain things, that would have  
18 had to be done. But other than it being -- you know, it  
19 wasn't spec'ed out to a particular tenant, it was in  
20 good condition and ready to be --

21 A. It was in decent condition. It had walls and  
22 doors that provided for eight or ten office spaces --  
23 private office spaces. It would have -- you know, a  
24 tenant could have requested new paint, could have  
25 requested new carpet, maybe some new ceiling tiles here

1 and there.

2 But overall, it was in -- it was in a -- the  
3 status of it, it could have been moved into in a  
4 relatively short period of time.

5 Q. Okay. You said "decent condition." Is that  
6 referring to the fact that it could have used some new  
7 paint and carpet? Or was there another reason you're  
8 referring to it as in decent condition?

9 A. I think, you know, tenants -- tenants typically  
10 want the sun and the moon, and so I'm -- I'm making  
11 allowance for, no, it was not grand and opulent.

12 So, you know, tenants always -- and depending  
13 upon the market condition, tenants want, want, want, and  
14 landlords want, want, want, so sometimes you have to  
15 figure out a way to meet them in the middle.

16 Q. Okay. And so under this agreement, you  
17 testified that you were, you know, reviewing the  
18 operating expenses and whatnot.

19 What else were you expected to do under this  
20 agreement?

21 A. To take a look at the market dynamics of what  
22 else is in the market that we would be competing against  
23 for tenant demand, primarily.

24 Q. Okay.

25 A. And then lastly, you know, lease comparables,

1 what has leased in the -- in the recent past and what do  
2 those rates look like from a comparable standpoint.

3 Q. Okay. And so you put the second floor on the  
4 market. Did you get any interest initially?

5 A. At the time, no, we did not get very much  
6 interest. We did get some interest from a company  
7 called Gophr, which was a startup company. They were in  
8 the market looking for space. We talked with them for a  
9 few weeks. But it did not turn into a lease  
10 transaction. They ended up looking for something  
11 shorter term than we were willing to do. Just didn't  
12 make sense to pursue it.

13 Q. Okay. And for the Gophr app, you said they  
14 were looking for a shorter term. Were you guys  
15 agreeable on the lease price? Were there any other  
16 reasons that these negotiations fell through?

17 A. I think, at the end of the day, they ended up  
18 finding something shorter term at a property in downtown  
19 Lake Charles for probably next to nothing, maybe on the  
20 order of 2 or \$3,000 a month, that we just couldn't  
21 compete with. I think our operating expenses were  
22 probably more expensive than that.

23 Q. Okay. Do you recall what the operating  
24 expenses were at that time?

25 A. I can't recall off the top of my head, but I

1 can look real quick. I want to say they were probably  
2 in the 5 to \$6 a square foot range across the entirety  
3 of the property.

4 Q. Okay. All right. And so the Gophr app  
5 negotiations on the second floor, you know, fell  
6 through. Did you have any interest initially -- and  
7 right now we'll talk about before Hurricane Laura. Was  
8 there any other interest in the second floor?

9 A. Not that stands out. Let me just look. Not  
10 that stands out, Ms. Payne.

11 Q. And at the time, you said the first floor was  
12 leased out by GSA.

13 A. That's correct.

14 Q. And then when was that -- when you became  
15 involved in 2019, it was already leased out. Was there  
16 expiration of that lease?

17 A. Yes. There was an expiration of the GSA lease  
18 in March of 2022.

19 Q. And did you assist Eaux Holdings in attempting  
20 to extend that GSA lease?

21 A. Yes, I did.

22 Q. Okay. And at the time of Hurricane Laura, was  
23 the signed lease on the GSA -- the first floor of the  
24 GSA, was that ready to go? Was it extended at that  
25 time --

1 A. No, ma'am.

2 Q. -- or were you still negotiating?

3 A. We had -- we were still negotiating.

4 Q. Okay. What about today?

5 A. We -- that lease has been signed and was  
6 signed, I believe, in May.

7 Q. In May of 2021?

8 A. Of 2021.

9 Q. And you said -- you mentioned earlier that the  
10 lease was a -- I believe you said a modified gross. I  
11 guess we could take the opportunity to go through those  
12 definitions now, and then you can kind of explain the  
13 current GSA lease.

14 A. Yes. So modified gross -- let me get out of  
15 this and get back to -- I'm trying to get back to Zoom.  
16 Can you see me?

17 Q. Yes.

18 A. Okay. There we go.

19 Modified gross is where -- is a lease term  
20 whereby the lessor, or the owner, charges a rent amount  
21 which includes some operating expenses but not all of  
22 the operating expenses. A full-service lease is where  
23 the owner or lessor leases a space to a tenant. And in  
24 that rental rate, all the operating expenses are  
25 included.

1           And then conversely, a net lease or triple net  
2 lease or absolute net lease is where a landlord -- a  
3 lessor or an owner charges a base rent plus operating  
4 expenses to the tenant as -- payable as additional rent.

5           Now, to your question -- or to your point, the  
6 federal GSA lease is a modified gross lease. They will  
7 enter into a lease agreement where the owner will state  
8 a lease rate that includes property taxes and insurance,  
9 fixed. And then the other operating expenses, of  
10 utilities, janitorial, snow blowing, grass cutting,  
11 window washing, change from year to year with an annual  
12 adjustment.

13           Q.    Okay. And so for the GSA lease, what exactly  
14 operating expenses are included in the lease -- in the  
15 rental price? Do you know off the top of your head?

16           A.    We included all of them. Property taxes,  
17 insurance, grounds upkeep, a maintenance reserve, grass  
18 cutting, window washing, et cetera. So all of them are  
19 included in the numbers that we quoted to the GSA.

20           Q.    Okay.

21           A.    But we will not get annual adjustment based  
22 upon insurance or -- primarily insurance.

23           Q.    Do you recall what the lease -- like the square  
24 footage, the price that GSA has for the first floor?

25           A.    The GSA, their lease -- let's see. They have

1 about 7500 square feet, more or less. Bear with me.  
2 They rank somewhere in the \$26 per square foot range  
3 for -- is there a specific reference point you want me  
4 to look at on your FileShare, or do you want me just to  
5 dig?

6 Q. No. I mean, I was just asking you off the top  
7 of your head. So you said about \$26 a square foot?

8 A. Somewhere in that range, yes, ma'am.

9 Q. Okay. And so that lease -- this modified gross  
10 lease at about \$26 a square foot, that's been extended  
11 and it's a 15-year term, correct?

12 A. It's a 17-year term with 15 years' firm term.  
13 So after 15 years, they can -- they can move out. They  
14 generally will do a firm term short of the total term to  
15 give themselves time to strategize on new bid  
16 specifications, et cetera.

17 Q. Okay. And in your industry, this lease with  
18 the GSA, that's a pretty good deal, right?

19 A. Yes, ma'am.

20 Q. It's a 15- to 17-year term?

21 A. Yes, ma'am.

22 Q. With a governmental agency, that's a good  
23 lease?

24 A. It is.

25 Q. Okay. So for the second floor -- and again,



1 we're still talking about pre-Hurricane Laura. So you  
2 had the interest with the Gophr app that didn't go  
3 through, and you said you can't recall any other  
4 interest.

5 Is there a reason that you think the space  
6 wasn't leasing and there wasn't much interest in it?

7 A. I think that at the time we probably had too  
8 much supply in the market, primarily, and not  
9 enough -- you know, simple economics: Too much supply,  
10 not enough demand at the moment.

11 Our area economy had gone through a bit of a  
12 downturn. Fiscal year 2018 was the high water mark for  
13 the local economy in terms of retail sales across  
14 Calcasieu Parish. The 2015 total retail sales number  
15 for Calcasieu Parish was a little over \$5 billion. In  
16 fiscal year 2018, it grew to \$8 1/2 billion. And then  
17 in fiscal year 2020, it flattened back down to  
18 \$5.5 billion. So we had a bit of a softening in the  
19 economy.

20 Q. So what about the rate that you were seeking on  
21 the second floor? Was the rate comparable? Do you  
22 recall what it was listed for?

23 A. It was -- we listed for \$4,800 a month plus  
24 operating expenses, give or take a few bucks. We were  
25 aggressive in the market. We were willing to try to get

1 some -- some interest in the property, try to get the  
2 tenants -- try to get the space filled up.

3 Q. And when you say that you were aggressive in  
4 the market, does that mean it was priced low?

5 A. Lower than the market comparables, to try to  
6 attract interest.

7 Q. And then you said when Gophr app, you think  
8 they found something considerably cheaper, do you recall  
9 how off you were in the lease comparables there?

10 A. I don't recall. I believe the -- the  
11 motivating factor on that at the time, I believe the  
12 person that they ended up leasing from may have been an  
13 investor in their operation, and it was a startup  
14 company. So it -- it may have been -- there was more  
15 than one financial consideration that drove them to make  
16 that decision, I believe.

17 Q. Okay. I want to look at -- just so I can  
18 understand some of these numbers, I want to look at  
19 Latter & Blum 19. I believe this is Tab E.

20 THE COURT REPORTER: And just for my  
21 purposes for the record, does the tab number correspond  
22 with the exhibit number, like E would be 5? Does that  
23 make sense?

24 MS. PAYNE: Yeah, we could just do it like  
25 that. That way, when I send you the documents, I can

1 send you the tab. This is -- the tab number  
2 corresponded with like an electronic notebook. But we  
3 can just do it with a tab number for the exhibits.

4 (Discussion off the record.)

5 MS. PAYNE: Let's go ahead and mark it  
6 with the tab number.

7 THE COURT REPORTER: Okay.

8 (Exhibit 5, remotely introduced and  
9 provided electronically to the reporter.)

10 A. Ms. Payne, you stated folder E; is that  
11 correct?

12 BY MS. PAYNE:

13 Q. Yes.

14 A. Okay.

15 Q. And the Bates Number is Latter & Blum 19.

16 A. Yes, ma'am. Okay. I see it.

17 Q. Okay. So this appears to be an Excel  
18 spreadsheet. Is this something that you prepared?

19 A. Yes, ma'am.

20 Q. Okay. And it's a -- I believe like a  
21 comparable with what the potential lessee offered and  
22 what the counteroffer is; is that correct?

23 A. Yes, ma'am.

24 Q. Okay. And if we look on the, you know, first  
25 few columns, it comes out the average rate per year.

1 That would be \$10.37. Do you know, is that net modified  
2 gross?

3 A. That would be modified gross. We were not  
4 going to include janitorial, but that was going to  
5 include property taxes and insurance.

6 Q. Okay. So the potential lessee, their offer was  
7 about \$10 a square foot a year?

8 A. Yes, ma'am.

9 Q. Okay. And your recommended counteroffer was  
10 about \$13 a square foot per year?

11 A. Yes, ma'am.

12 Q. And again, that's on a modified gross. And  
13 janitorial would have been the only thing that was not  
14 included?

15 A. Correct, except for we were going to reevaluate  
16 electrical consumption after six months.

17 Q. Okay. Okay. I just wanted to make sure I  
18 understood some of those numbers there.

19 And then if you will look at Tab F. This is  
20 Latter & Blum 122.

21 (Exhibit 6, remotely introduced and  
22 provided electronically to the reporter.)

23 A. Yes.

24 BY MS. PAYNE:

25 Q. This looks to be like a draft of a lease

1 contract?

2 A. Yes, ma'am.

3 Q. Okay. And if you look at Section 1, Term.  
4 "The term of this lease shall be for a period of  
5 36 months beginning on September 15, 2019, or upon  
6 completion of lessor repairs."

7 Do you recall what those lessor repairs would  
8 have been?

9 A. I think they wanted -- let me look. I believe  
10 they -- from what I recall, I think they  
11 wanted -- actually, I don't know -- I don't recall  
12 exactly what they wanted, Ms. Payne. I apologize.

13 Q. No problem. But they were requesting some  
14 repairs?

15 A. Repairs or improvements.

16 Q. Or improvement. Okay.

17 Sorry. I'm looking at this.

18 Okay. So prior to Hurricane Laura, the only  
19 real interest or negotiations for the second floor was  
20 this Gophr app which fell through. And there  
21 was -- wasn't any other interest on the second floor  
22 prior to Hurricane Laura; is that correct?

23 A. That's correct.

24 Q. Okay. And after Hurricane Laura, did you start  
25 getting interest in leasing the second floor?

1 A. Yes, ma'am, we did.

2 Q. I'm sorry. I'm going to back up one second.  
3 Prior to Hurricane Laura, did you ever reduce the price  
4 of the listing?

5 A. I don't believe we -- no, actually, we did. I  
6 think we lowered it. I don't recall specifically what.  
7 But I think maybe in conversation, we talked about  
8 lowering the price. I don't recall if we -- if we  
9 signed anything. It may have just been verbal.

10 Q. Can you look at Tab G?

11 (Exhibit 7, remotely introduced and  
12 provided electronically to the reporter.)

13 BY MS. PAYNE:

14 Q. This is Latter & Blum 583.

15 A. Okay.

16 Q. And this is an e-mail from November 2019, so  
17 this was a few months after you initially listed it in  
18 June 2019.

19 A. There you go. Yep.

20 Q. And so when you offered her a one-year rate of  
21 5500 with no janitorial included, do you know what that  
22 correlates to of like square footage price? We talked  
23 earlier about, you know, \$14 a square foot or \$10 a  
24 square foot. Do you know what that correlates to?

25 A. 66 -- 66,000 -- \$9.50 a foot, ballpark.

1 Q. And that would have been a modified gross?

2 A. Yes, ma'am.

3 Q. So it was on the market for about \$9.50 a  
4 square foot with no janitorial included --

5 A. That's correct.

6 Q. -- in November 2019?

7 A. That's correct.

8 Q. Okay. So let me go back. So after Hurricane  
9 Laura, you said you had some interest in the property at  
10 that point?

11 A. Yes, ma'am.

12 Q. And is that -- you mentioned one of the issues  
13 was the market, too much supply and not enough demand  
14 pre-Hurricane Laura. So post-Hurricane Laura, I  
15 understand there was a lot of properties damaged in the  
16 hurricane?

17 A. That's correct. We -- our multi-tenant office  
18 market pre-Hurricane Laura was a little over  
19 850,000 square feet of total -- total space. As a  
20 result of Hurricane Laura, we lost about 40 or  
21 45 percent of the total inventory of multi-tenant office  
22 properties over 5,000 square feet.

23 Q. Okay. And -- so right -- Hurricane Laura  
24 occurred in August 2020.

25 A. Yes, ma'am.

1 Q. When was your first interest in the second  
2 floor?

3 A. Within a few weeks. We had interest from a  
4 behavioral health group called BHG specific to that  
5 building. We can talk about that specific inquiry and  
6 subsequent correspondence after this.

7 But generally speaking, after BHG, there  
8 was -- I was fielding calls for different state  
9 agencies -- state government agencies looking for office  
10 space. They weren't quite as aggressive as private  
11 enterprise at the moment. We had been in contact with  
12 some representatives of GSA, at a very general level, of  
13 trying to assess what they might need in the market and  
14 how that might intersect with Esplanade Street as well  
15 as other listings -- other office listings that I had in  
16 the market.

17 Q. So you obviously, like you said, you had about  
18 17 to 20 transactions at a time. You had other areas --  
19 other buildings that you were also offering and trying  
20 to lease out as well as 620 Esplanade, correct?

21 A. That's correct.

22 Q. Okay. And we believe the behavioral health  
23 group -- and I think we'll discuss that when we get into  
24 your report, because you attached that correspondence as  
25 an exhibit. But other than behavioral health group, you



1 said you spoke with some state agencies, spoke with GSA  
2 on a general level.

3 Were there any -- you know, was there any  
4 interest, you know, letters of intent, anything like  
5 that --

6 A. There was some interest from a company called  
7 Richard Industrial Design. I showed them the property.  
8 They ended up leasing at another office location that I  
9 had listed.

10 Q. Okay. And what were they -- what was the  
11 square footage they were looking for?

12 A. In a perfect world, they were looking for about  
13 10,000 square feet of office space. They ended up  
14 leasing 7,000 square feet on a three-year lease at  
15 814 West McNeese Street.

16 THE COURT REPORTER: What was the name of  
17 the street?

18 THE WITNESS: 814 West McNeese Street.

19 THE COURT REPORTER: Thanks.

20 BY MS. PAYNE:

21 Q. And that's a property you were handling as  
22 well, the West McNeese Street?

23 A. Yes, ma'am.

24 Q. Okay. And -- so you showed them the property  
25 at 620 Esplanade. They were interested in 10,000 square

1 feet. And I understand the second floor at  
2 620 Esplanade is about 7,000, 6,000?

3 A. It's about 7,000. That's correct.

4 Q. Okay. So you showed them the property. What  
5 happened after that? Did you have any other  
6 communications, any other -- did they make an offer?

7 A. Richard Design ended up moving into the  
8 814 West McNeese Street because they could get into it  
9 sooner than we could ultimately deliver at -- at  
10 Esplanade. We had -- we had comparable square footage  
11 of what they ended up leasing. We had adequate parking.

12 Ultimately, Richard needed to be in  
13 something -- in office space in as short a time frame as  
14 possible, and they ended up going with the McNeese  
15 Street option.

16 Q. Do you know when they moved into the McNeese  
17 Street property?

18 A. I want to say December or January.

19 Q. I'm going to get you to look at Tab S.

20 A. Let me clarify. December 2020 or January 2021,  
21 just so we're not vague.

22 Q. If you could look at Tab S.

23 (Exhibit 19, remotely introduced and  
24 provided electronically to the reporter.)

25 BY MS. PAYNE:

1 Q. And this is an e-mail from you to Joey Odom in  
2 November of 2020.

3 A. Uh-huh.

4 Q. And you say, "Good afternoon, Joey. In regards  
5 to potential tenants for the second floor or the  
6 entirety of the building, please see highlights below."

7 And number one, you have Richard Design Group,  
8 and you say that they expressed an interest in leasing  
9 the entirety of the building.

10 So were they only interested in 620 Esplanade  
11 if they could rent the entire building?

12 A. At the time. Their primary focus was trying to  
13 get into at least 10 now square feet. Their -- after  
14 this, they reduced their requirement and were willing to  
15 live with 7,000 square feet.

16 Q. Okay. It wasn't an option for them to lease  
17 the entirety of the building at 620 Esplanade, correct?

18 A. That's correct.

19 Q. The first floor was already leased out by GSA?

20 A. The first floor was leased, and it was under a  
21 tolling agreement where -- we can get into that in  
22 another time frame when you're ready. But there was a  
23 commitment for the GSA space that -- for the first-floor  
24 space that kept us, at the time, from leasing the first  
25 floor to anybody else.

1 Q. Okay. And Richard Design Group, do you know  
2 what the rate was when they moved into McNeese Street?

3 A. \$27 a square feet.

4 Q. Is the McNeese Street property comparable to  
5 the 620 Esplanade property?

6 A. It's a little nicer. Doesn't have quite  
7 the -- all of the parking that 620 Esplanade has.  
8 Three-story building. Yes, it is a little bit nicer  
9 than Esplanade at the time.

10 Q. And the McNeese Street property, was it damaged  
11 during the hurricane?

12 A. Very, very minor, nothing that --

13 Q. Minor damage?

14 A. Very minor, nothing that prohibited tenants  
15 from being able to function in the space.

16 Q. And that McNeese Street, there was no tenant at  
17 that space prior to Hurricane Laura that Richard Design  
18 Group moved into?

19 A. There was a tenant there on a month-to-month  
20 basis that was -- was wanting to get out.

21 Q. Okay. And so we'll go through the rest of this  
22 e-mail where you lay out potential tenants.

23 And I'm sorry. One more thing with Richard  
24 Design Group. Were there any letters of intent or do  
25 you have any communications with Richard Design Group

1 regarding their decision to go with another property?

2 A. There was no letter of intent. And I don't  
3 believe I have -- let me look. No, ma'am, not that I  
4 recall.

5 Q. So no documentation to show that they  
6 wanted -- that they could not lease the 620 Esplanade  
7 because of the timing?

8 A. Not that I recall, Ms. Payne.

9 Q. Okay. And in your e-mail you also say, "I will  
10 go back and capture e-mails and texts to substantiate  
11 the leads."

12 Do you do a lot of your communications on  
13 potential leases through text messaging?

14 A. Not very often, but these were kind of unusual  
15 times. We were -- we were -- our office was displaced.  
16 I was helping other clients navigate insurance matters  
17 and recovery matters. So I wasn't constantly at  
18 my -- at my desk.

19 Q. As a part of the subpoena that Scottsdale  
20 issued to Latter & Blum, did you go back and check  
21 through your text messages to see if you had any  
22 responsive information there?

23 A. No, ma'am.

24 Q. Would you still have any text messages from  
25 this time period?

1 A. Absolutely.

2 Q. Okay. If I could ask you to go back and look  
3 through those and see if you have anything responsive to  
4 our subpoena, because the subpoena requested all  
5 communications regarding, you know, proposed leases at  
6 the property. If you have any text messages, we would  
7 ask that you provide those to us. You don't have to do  
8 it right now.

9 A. Sure. Understood.

10 Q. Okay. Okay. So Number 2 on this e-mail was  
11 GSA/bureau of environmental safety?

12 A. Yes, ma'am.

13 Q. Could you tell me about this potential tenant?

14 A. Bureau of environmental safety, I believe they  
15 were actually the previous -- they had previously been  
16 upstairs on the second floor, and I want to say that  
17 they ended up going to -- they did not submit an offer  
18 to us to lease. Well, let me -- hang on. Let me walk  
19 that back.

20 So they were wanting a short-term lease. We  
21 were -- we were trying to get longer-term commitments  
22 for the space. Given the damage in the market, GSA's  
23 normal bid solicitation and request for leases can take  
24 a year or two. They were not willing to go outside of  
25 their procurement code, which says if they go out for

1 long -- you know, for a longer-term commitment, it has  
2 to be based upon bid specifications submitted to market  
3 participants that meet the minimum requirements.

4 Short of that, for emergency leases, they were  
5 only willing to do anywhere from 15- to 24-month leases  
6 firm term. And we were more inclined to try to find a  
7 longer-term tenant for that second-floor space.

8 Q. Okay. So Mr. Odom was not interested in a  
9 short-term lease, which is the only thing these  
10 governmental, GSA entities were offering at the time?

11 A. At the time, yes, ma'am.

12 Q. Okay. And so again, there was no offers or  
13 letters of intent for the GSA/BESE, and there was no  
14 interest on Mr. Odom's part in leasing for a short time  
15 period?

16 A. That's correct.

17 Q. Okay.

18 A. At the time.

19 Q. So does the same thing apply for Number 3,  
20 GSA/DOD, armed services recruitment center?

21 A. Yeah, they were wanting short-term.

22 Q. Again, a 12- to 15-month lease?

23 A. 24 months tops.

24 Q. Okay. And Mr. Odom was not interested in a  
25 short-term lease for the second floor at that time?

1           A.    I think things were moving so quickly that they  
2 ended up solving their own problem -- their own needs  
3 before we could even --

4           Q.    The GSA/DOD potential tenant?

5           A.    Yes, ma'am.

6           Q.    Okay.

7           A.    They had previously been in a retail setting on  
8 Ryan Street in a grocery-anchored strip center.

9           Q.    Okay. And the GSA/BESE, you have in here that  
10 they were a previous Cap One tenant. Is that the  
11 Capital One building?

12          A.    Yes, ma'am.

13          Q.    And that's in downtown Lake Charles?

14          A.    Still is. Yes.

15          Q.    Is that building -- pre-Hurricane Laura, is  
16 that building comparable to 620 Esplanade?

17          A.    No, no. Capital One Tower is a -- was -- well,  
18 it's still standing but not in commerce. It's a  
19 21-story, 354,000-square-foot, multi-tenant office  
20 tower.

21          Q.    Okay. Okay. And again, I think we'll get  
22 into -- the last one on this list is the Behavioral  
23 Health Group, and we will get into that when we get to  
24 your expert report since you attached that  
25 correspondence as an exhibit.



1           Okay. So what about right now? Is there any  
2 interest in leasing the second floor today?

3           A. There is from a -- a state government  
4 office -- a state -- State of Louisiana, Department of  
5 Health and Hospitals.

6           Q. Okay. And what -- is it in negotiations right  
7 now? What's the status of this particular lease?

8           A. It's in negotiations. The State of Louisiana  
9 does not do letters of intent. They take salient lease  
10 data, and then they process their own forms for what  
11 they'll call an RL2, which is a request to lease, or  
12 RL2A. I don't know exactly the terminology but close  
13 enough.

14                   And so they prepare -- at the Department of  
15 Health level, they prepare those internal documents to  
16 work up to their department executive branch. And from  
17 there, once that RL2 is approved, then it goes to the  
18 office of facility planning to construct a lease  
19 document.

20           Q. Okay. And how far are you -- I'm sorry. Go  
21 ahead.

22           A. The RL2 I do not believe has been signed off on  
23 by Department of Health and Hospitals yet but should be  
24 in fairly short time frame and then sent to office  
25 facility planning.

1 Q. Okay. And what are the lease terms for this  
2 tenant? You said Department of Health and Hospitals,  
3 correct?

4 A. That's correct.

5 Q. Okay. What are the lease terms?

6 A. What we've discussed is a two-year lease term  
7 with a few three-month options to extend to a maximum of  
8 three years. And that is at a gross rental rate  
9 of -- we've still been working on that. What was  
10 submitted is an annual rent of \$167,499, an approximate  
11 total rate of \$21.75 a foot.

12 Q. And that's gross, not modified gross, so that  
13 means everything is included in this 21.75?

14 A. Yes, ma'am.

15 Q. Okay.

16 A. And the operating expenses are \$8.54 a foot.

17 Q. Okay.

18 A. With a net rentable square footage of  
19 7700 square feet.

20 Q. And what are you looking at right now to give  
21 me that information?

22 A. I am looking at a -- the worksheet they have  
23 that I had finished last week.

24 Q. That you finished last week, you said?

25 A. Yes, ma'am.

1 Q. Okay. Could we get a copy of that worksheet,  
2 please?

3 A. I'd be happy to send it to you. I'll e-mail it  
4 to the group. Is that fair?

5 Q. Yes, yes. And so how long do you anticipate  
6 that final process going, of the RL2A being approved by  
7 the office of facility services?

8 A. I would hope that inside of a week to ten days  
9 that the RL2 would have made it to the office of  
10 facility planning. And probably a week after that, hope  
11 to have a lease document for --

12 Q. And when do you anticipate a move-in date?

13 A. Probably 15 to 30 days from lease execution.

14 Q. 15 to 30 days?

15 A. Yes, ma'am.

16 Q. And is any work being done on the second floor  
17 right now that is particular to this tenant? Have they  
18 requested any modifications?

19 A. They requested an additional bathroom, but  
20 that's -- we haven't started that work. We're not going  
21 to start the work until we know we have a signed  
22 agreement.

23 Q. They requested an additional bathroom on the  
24 second floor?

25 A. Yes, ma'am.

1 Q. Right now is there only one restroom?

2 A. There's two public restrooms. They've asked  
3 for an employee restroom inside the lease space.

4 Q. Okay. Is that the only request that they've  
5 had?

6 A. Putting up one -- one wall and a doorway to  
7 turn one room into two smaller interview rooms.

8 Q. And these are all expenses that Eaux Holdings  
9 would have to undertake to deliver this space under this  
10 lease; is that correct?

11 A. Yes, ma'am.

12 Q. The additional restroom and the adding of the  
13 doorway?

14 A. Yes, ma'am.

15 Q. Do you recall the cost of these expenses?

16 A. I believe, all in, in the 50 to \$60,000 range,  
17 was the budget estimate.

18 Q. Is there a potential -- I know you said the  
19 lease term was, you know, max three years. With these  
20 types of governmental entities, is there potential for  
21 them to renew at the end of that lease period?

22 A. They'll have to go -- because they're over  
23 5,000 square feet, they would have to go out to public  
24 bid. The state procurement code for leasing, if the  
25 request is for more than 5,000 square feet, it has to go

1 out for public bid. If it's less than 5,000 square  
2 feet, it can be a negotiated lease.

3 Q. Okay. And so is it out for bid right now? Is  
4 that how Eaux Holdings received this?

5 A. No. This is going to be procured through an  
6 emergency procurement allowance based upon the damage of  
7 Hurricane Laura and Delta.

8 Q. Okay. And so when was your first contact with  
9 DHH on this -- the lease of the second floor?

10 A. I had spoken with the director of the office of  
11 facility planning, who is now retired, but his name is  
12 Randy Janies. And I've known Randy for 20 years in  
13 working on multiple state leases.

14 He had reached out to me in a phone call  
15 to -- responding to my call to him. Excuse me. He  
16 returned my call. And let him know that if he had  
17 agencies that were needing space, to please keep me in  
18 mind, call me if they needed something.

19 And so he -- I believe he directed Rebecca  
20 Harris, with Department of Health and Hospitals,  
21 Medicaid eligibility, to me probably in mid-spring of  
22 this year, 2021.

23 Q. So mid-spring, about what month? March?  
24 April?

25 A. March or April.

1 Q. And you've been in negotiations with them from  
2 March/April through today?

3 A. Conversations, yes.

4 Q. Okay.

5 A. And subsequent negotiations in the last few  
6 weeks.

7 Q. Okay.

8 A. Last month and a half.

9 Q. If you could look at Tab W.

10 (Exhibit 23, remotely introduced and  
11 provided electronically to the reporter.)

12 A. All right. Which number?

13 BY MS. PAYNE:

14 Q. I'm sorry. One second. 597.

15 This is an e-mail to you from Deryl Cresie.

16 A. That's correct.

17 Q. Okay. And it says, "DCFS...Esplanade Street  
18 floor plan is to remain as presented and we can do \$23 a  
19 square foot. The building modifications requested were  
20 exorbitant and not practical."

21 What does that mean? Is DCFS the same thing as  
22 the DHH lease, or is this a separate entity?

23 A. This is separate.

24 Q. Okay. And so what is this one about?

25 A. This particular DCFS agency -- DCFS had two

1 locations looking for office space. One, they were  
2 looking for an eight- or nine-month lease agreement.  
3 And then the other, at the time, they were looking for  
4 up to two years. And needed to get into something as  
5 quick as possible. They ended up going to a property in  
6 Sulphur -- south of Sulphur at \$23 a square foot.

7 Q. So this e-mail in April -- the end of  
8 April 2021, when you're saying the modifications  
9 that -- is it the modifications that DCFS requested were  
10 exorbitant and not practical?

11 A. That's right, as it relates to DCFS.

12 Q. So they were still in the market in April of  
13 2021, but what they were asking for -- is that what  
14 we're saying, the modifications to the second floor, as  
15 far as a floor plan or adding a bathroom or something to  
16 that effect?

17 A. That's correct, at that moment in time, yes.

18 Q. Do you recall what modifications they were  
19 requesting?

20 A. I don't recall.

21 Q. And so this potential tenant fell through  
22 because Mr. Odom wasn't willing to give the  
23 modifications that DCFS were requesting?

24 A. And primarily because of the term. We were  
25 still trying to get a longer-term commitment.

1 Q. Okay.

2 MS. PAYNE: Before we get into your expert  
3 report, I think we can take a quick restroom break.

4 THE WITNESS: Okay. Fair enough.

5 THE VIDEOGRAPHER: We are off record,  
6 11:21 a.m.

7 (A break was taken from 11:21 a.m. to  
8 11:29 a.m.)

9 THE VIDEOGRAPHER: We are back on the  
10 record at 11:29 a.m.

11 BY MS. PAYNE:

12 Q. And so, Andrew, back to the second-floor lease  
13 with the DHH. You said you started negotiating in March  
14 or April of this year. And to date, we are August, you  
15 still don't have a signed lease.

16 Is that because the process in getting a lease  
17 with a state agency just takes a long time, or were  
18 there other issues?

19 A. It typically takes a long -- takes a little bit  
20 of time. It can take two to three months to get  
21 to -- to get from discussion of terms to occupancy or  
22 lease execution.

23 We did a -- we did one for another property  
24 owner for a lease that was less than 5,000 square feet,  
25 and that went a little quicker just because of the



1 different set of constraints on something less than  
2 5,000 feet.

3 Q. Okay. Okay. We will get into your expert  
4 report now.

5 Have you ever testified as an expert in any  
6 lawsuit?

7 A. I have. It wasn't a real estate matter, but I  
8 have testified as an expert witness before, yes, ma'am.

9 Q. Okay. And what was your expertise in?

10 A. It was in catering at the time, from my  
11 previous career.

12 Q. Catering. That's interesting expert -- expert  
13 report there.

14 A. Yeah.

15 Q. Okay. So that's the only time that you've ever  
16 testified as an expert?

17 A. Yes, ma'am.

18 Q. And that would have been -- I believe you got  
19 out of the catering business about 2004, so that would  
20 have been prior to that date?

21 A. Somewhere between 2000 and 2004, yes, ma'am.

22 Q. Okay. So you've never testified as an expert  
23 in real estate?

24 A. No, huh-uh.

25 Q. Have you ever been consulted as an expert in a

1 lawsuit for real estate?

2 A. No, ma'am.

3 Q. Okay. Are you a licensed appraiser?

4 A. No, ma'am.

5 Q. Okay. Your expert report is dated March 16,  
6 2021. And this is going to be Tab C, Bates Number 112.  
7 So in the opening of your report, you said that you have  
8 researched market data --

9 A. I'm sorry. Say that one more time. You said  
10 Tab -- you said file C?

11 Q. Yes.

12 A. Okay. What I have in C is the listing  
13 agreement.

14 Q. One second. I'm sorry. Tab B. And this is  
15 Bates Number Latter & Blum 112.

16 A. Correct.

17 Q. Which is dated March 16, 2021, correct?

18 A. Yes, ma'am.

19 Q. And in your report, you say that you researched  
20 market data regarding professional office lease space in  
21 the Southwest Louisiana region in order to measure the  
22 missed opportunity for the subject property in the  
23 aftermath of Hurricane Laura.

24 Can you explain what you mean by "missed  
25 opportunity"?

1           A.     Early on, in the days and weeks after Hurricane  
2     Laura, in talking with Joey, we were trying to  
3     accurately assess when we could get the property  
4     restored and back in commerce so that we could try to  
5     capture a decent length of term lease commitment,  
6     hopefully a five-year lease, maybe no less than a four-,  
7     maybe as much as a seven- to ten-year lease.

8           There was a lot of movement in the market of  
9     tenants trying to solidify a physical presence, a  
10    physical address, so that they could have employees come  
11    back to work.

12           And in those -- and in those weeks in September  
13    and October and into November of last year, we were  
14    unclear as to -- and that continued on, but the  
15    uncertainty, the lack of clarity was when are we going  
16    to be able to get the property restoration and rebuild?  
17    And there was concerns that we would not be able  
18    to -- not have the resources to complete the repairs to  
19    get tenants in in a timely fashion.

20           Q.     Okay. So whenever you say "missed  
21    opportunity," then, you're referring to getting the  
22    property back in commerce after Hurricane Laura?

23           A.     Can you repeat your question, please?

24           Q.     Whenever you refer in your report that you're  
25    measuring the missed opportunity, you're referring to

1 getting the property rebuilt and back in commerce  
2 following Hurricane Laura?

3 A. Back in commerce and leased, yes.

4 Q. Okay. And so with this report, what  
5 assumptions are you making as to when the property could  
6 have been back in commerce?

7 A. Early in September of 2020, mid-September,  
8 maybe even into early October, the hope and the thoughts  
9 were that we could potentially get renovations completed  
10 by December, early -- December 2020, early January 2021.  
11 And as time --

12 Q. And -- I'm sorry. Go ahead.

13 A. No, that's -- I'm good.

14 Q. Okay. And so where did -- where were those  
15 hopes and thoughts coming from to be completed by  
16 January 2021? Where were you getting that information  
17 from?

18 A. Conversation with Joey, conversation with a  
19 potential contractor, dialog with Joey regarding where  
20 he was on the insurance claim, was he going to have the  
21 resources to fix everything he needed to fix, the funds  
22 to get through the claim process quickly so that we  
23 could get the property rebuilt, restored.

24 Q. Okay. So when you say conversations with Joey,  
25 so Mr. Odom advised that the building could have been

1 completed by December or January -- December 2020 or  
2 January 2021?

3 A. That was the -- the belief we held in  
4 September, early October of 2020, was that we had the  
5 resources. We could potentially -- it could be  
6 restored.

7 Q. Okay. And what was that based on -- what was  
8 the belief based on -- putting the resources aside, but  
9 what was the belief based on that the property could  
10 have been completed by December 2020 or January of 2021?

11 A. In talking with contractors.

12 Q. Okay. And do you recall the contractor?

13 A. We had conversations with a couple. We had  
14 conversation with Ratcliff Construction out of  
15 Alexandria and then through a restoration company, Evan  
16 Monheiser with -- I forget his company name.

17 Q. Encore?

18 A. Encore. Encore ended up being the general  
19 contractor that Joey went with to complete the work.

20 Q. And so in your conversations with Encore, are  
21 you saying that Encore advised they could have the  
22 property completed by December 2020, January 2021?

23 A. My conversations were primarily with Joey.

24 Q. Okay. So you were relying on what Joey was  
25 relaying from the contractor?

1 A. Yes, ma'am.

2 Q. So in preparing this report, you're relying on  
3 the assumption that the property could have been  
4 completed in December 2020; is that correct?

5 A. January 2021 at the latest.

6 Q. At the latest. Okay.

7 And you're relying -- that assumption was  
8 relying on conversations with Joey Odom as to when the  
9 property could have been restored from a construction  
10 standpoint?

11 A. That along with talking with him about what  
12 resources did he have at his disposal that could -- if  
13 he was -- did he have the means to start full  
14 restoration without full benefit of insurance proceeds.  
15 And he just -- that was not an option at the time.

16 Q. Okay. But your assumption in this report, that  
17 the property could have been completed by January 2021  
18 at the latest, is based on the construction component,  
19 correct, like when physically could the property have  
20 been restored?

21 A. That's correct.

22 Q. Aside from insurance proceeds or whether Joey  
23 had enough money to do it without the insurance  
24 proceeds, what your assumption is -- on this report is  
25 based on, that the property could have been rebuilt by

1 January 2021 at the latest?

2 A. Built by -- rebuilt by January 2021 at the  
3 latest.

4 Q. Okay. And the contractor -- you mentioned the  
5 contractor, Encore, who actually performed the  
6 construction.

7 Were you aware that Encore was not a Louisiana  
8 contracting company?

9 A. I knew that they were coming from out of state.

10 Q. Okay. Were you aware that they initially did  
11 not have a Louisiana contracting license?

12 A. I was not aware of that.

13 Q. Were you aware that they did not have a  
14 Louisiana contracting license until November 19, 2020?

15 A. I did not know that that -- I don't know that  
16 for fact. But if you're telling me that, then okay.

17 Q. Okay. And if they didn't have a Louisiana  
18 contractors license until November 2020, they couldn't  
19 have started any work on the property at least until  
20 November 2020 --

21 MS. BROWN: I'm going to object -- I'm  
22 going to object to the form.

23 BY MS. PAYNE:

24 Q. So I'll represent to you that under Louisiana  
25 law, an out-of-state contracting company cannot work as

1 a general contractor on a project over \$50,000 unless  
2 they have a Louisiana contractors license.

3 And if Encore did not have a Louisiana  
4 contractors license until November 2020, you understand  
5 that they could not have started work on the property  
6 until then, correct?

7 MS. BROWN: I'm going to object to the  
8 form. It calls for a legal conclusion and it's outside  
9 of his expertise.

10 BY MS. PAYNE:

11 Q. You can still answer the question.

12 A. What I'll say is that there were other work  
13 items. There was a roof -- roof -- temporary roof work  
14 needed to get done, which was a progress -- a process of  
15 using temporary roofing that's going to become part of a  
16 permanent solution. And then there was moisture  
17 remediation work that was very lengthy. And so that  
18 there were some other things going on other than waiting  
19 for a general contractor. There were pieces of -- lines  
20 of work that were going on.

21 Q. Were you ever provided a construction schedule  
22 from Joey Odom that would show you when construction  
23 could have been completed?

24 A. Not that I recall.

25 Q. So you were just relying on Joey's statements



1 that the contractors advised him that the work could  
2 have been completed by January 2021?

3 A. Pretty much, yes.

4 Q. Okay. So we're still on the first paragraph,  
5 policies. You say when you measured the missed  
6 opportunity for the subject property.

7 Have you ever been asked to measure a missed  
8 opportunity for another client?

9 A. I measure opportunity all the time. Whether it  
10 is -- whether it comes to fruition or not is whether  
11 it's a go or no-go decision. But I do -- I do  
12 calculations of opportunity all the time. This one just  
13 happened to be in the absence of getting a deal done.

14 Q. Okay. And so have you prepared this type of  
15 analysis and provided these types of exhibits that are  
16 attached to this report as a part of these missed  
17 opportunities that you've analyzed before?

18 A. Yes. I mean, I've put together  
19 valuations -- yes. I've done valuation work before.

20 Q. Okay. Now we'll finally move on to the second  
21 paragraph. And you state that a net rent rate of 13.81  
22 per square foot should be the baseline for a  
23 pre-hurricane perspective, and you cite Exhibit B.

24 And if we could go through Exhibit B --

25 A. Yes, ma'am.

1 Q. -- which is Latter & Blum 112.06.

2 A. Correct.

3 Q. And this is an exhibit labeled "Market  
4 Reconciliation of Lease Variables."

5 A. Uh-huh.

6 Q. And you have a lease comparables, Lake Charles,  
7 Louisiana --

8 A. That's correct.

9 Q. -- June 24, 2020.

10 A. That's correct.

11 Q. So did you prepare this document in June of  
12 2020?

13 A. That document was prepared in June of 2020 for  
14 an owner of a building leased to a real estate company  
15 that I had referenced in a -- earlier in this  
16 deposition. So, yes, this is a -- indicative of a  
17 report I had prepared 14 months ago.

18 Q. And prepared separately and not with regards to  
19 this litigation?

20 A. That's correct. But some of the  
21 comparables -- the comparables used, for the most part,  
22 are -- would be comparables I'd use in -- in other  
23 assignments. They're fairly reflective of a  
24 widespread -- wide range of the market, from older  
25 properties to nicer, newer properties.

1 Q. Okay. So the property that you prepared this  
2 Exhibit B for, it was comparable to 620 Esplanade?

3 A. The comparables are, yes.

4 Q. Okay. And so this Exhibit B you prepared in  
5 June of 2020, prior to Hurricane Laura?

6 A. Uh-huh.

7 Q. Okay. And what did you rely on in preparing  
8 this document in June 2020?

9 A. Exhibit A and then 15 years of experience.

10 Q. Okay. We'll go through Exhibit A next, but  
11 we'll finish going through this one first.

12 And so you go through the -- the first section  
13 is lease comparables, and it lists different addresses  
14 and square footage and rental rates, correct?

15 A. That's correct.

16 Q. And so these -- for example, 3101 Lake Street,  
17 this property is comparable to 620 Esplanade?

18 A. Yes.

19 Q. It's in a similar part of town, with similar  
20 quality of construction?

21 A. For this market, yes. I mean, they're not  
22 right next door to one another, but they are in more  
23 desired parts of the greater Lake Charles MSA. They're  
24 both two stories -- two-story construction. 3101 Lake  
25 Street, at the time, I think had two tenants in it. So

1 in there, I have that as a single tenant. It's two  
2 tenants.

3 Q. Okay. And the rest of the properties on here  
4 as well, 805 Bayou Pines, 807 Bayou Pines, are all of  
5 these comparable to 620 Esplanade?

6 A. Yes. I mean, for our office market, yes.

7 Q. And you said a second ago that both were in a  
8 desirable location. So 620 Esplanade is in a desirable  
9 location in Lake Charles for a commercial business?

10 A. It's commercially viable. It's not in a  
11 high-crime area. It's well situated.

12 Q. And so the first section gives effective rates,  
13 which some of them I note are full service gross,  
14 modified gross, NNN.

15 So these numbers are all a little bit  
16 different, but it's because the type of lease is  
17 different, right?

18 A. That's right, that's right.

19 Q. And this section, the column, Commencement  
20 Date, what does that mean?

21 A. These are actual -- these aren't just market  
22 snapshots. These are based upon actual transactions  
23 that -- that I'm familiar with in -- over the course of  
24 my practice here.

25 Q. Okay. For all of these properties on this